

Revenue Sharing and You

It's possible that you have heard the term "revenue sharing" in the news, by our state representative or senator and even by township officials. Like many, it may come across as one of those "government" words that you don't completely understand and you wonder what all the fuss is about.

Did you know that revenue sharing helps pay for essential services that keep you safe? Or that revenue sharing helps us maintain the roads within the township? It does these things and much more. Revenue sharing has a direct impact on you as a resident of Kinross Charter Township.

What exactly is revenue sharing?

Revenue sharing is money that local governments, such as townships, cities, villages and counties, receive from the state. Revenue sharing was established in 1946 by a vote of the people through a constitutional amendment to replace and relieve local taxation. The state promised to give local governments a portion of the money it received from other state taxes, including the sales and income taxes, and the Single Business Tax. The primary purpose of revenue sharing, when first implemented, was to limit local taxing authority while increasing state taxing authority, with the idea that a predetermined amount would be shared with the local government. Revenue sharing provides a basic level of funding for services to all cities, villages and townships, and to a few counties.

Revenue sharing was designed to be flexible, non-restricted funding that a community could use to best fit its needs. Local communities rely on revenue sharing to pay for services that directly impact your life. It is used to help fund police and fire protection as well as roads, water, sewer services and a variety of other essential local services.

There are two types of revenue sharing in Michigan: statutory revenue sharing and constitutional revenue sharing. In 1996, the state stopped distributing revenue sharing from the income tax, Single Business Tax and intangibles tax, instead dedicating a percentage of the first 4 percent of the sales tax to revenue sharing. Constitutional revenue sharing is funded by taking 15 percent of the first 4 percent gross collection of the state sales tax. Statutory revenue sharing is funded by using 21.3 percent of the 4 percent gross collections of the state sales tax. The remaining 63.7 percent of revenue from the 4 percent gross collections is used to fund other state obligations. The remaining 2 percent of sales tax collected is dedicated to the school aid fund.

Due to the method used by the state Legislature to cut revenue sharing in order to balance the state budget, of the 1,242 townships across the state, less than 300 townships receive any amount of statutory revenue sharing. More than 945 townships receive only constitutional revenue sharing. Kinross Charter Township receives both statutory and constitutional revenue sharing.

So how does this affect life here in our township?

Revenue sharing funding, although promised by the state, is also at the mercy of the state's economy and how much revenue the state takes in each year. In recent years, funding for revenue sharing has

seen dramatic cuts as the state's economy has lagged. And as we look to future years, with skyrocketing gas prices and people cutting back on extras, revenue from sales tax could decrease, further impacting our revenue sharing funding and local services.

As lawmakers in Lansing battle over the 2008-09 fiscal year budget, which begins on Oct. 1, 2008, revenue sharing is once again a high profile topic. Now more than ever, money that local communities rely on to pay for essential services that directly impact your lives is continually being threatened. It is important that the township, on behalf of their residents, receives the appropriate level of funding to assist with local services.

Here at Kinross Charter Township, we are doing all we can to make sure our state representative and senator are aware of how revenue sharing impacts our community. Just like you are counting on us to make this community a wonderful place to live, we are counting on Lansing lawmakers to make sure we receive proper funding from the state.